



STATE BOARD OF EQUALIZATION

450 N STREET, SACRAMENTO, CALIFORNIA
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BETTY T. YEE
First District, San Francisco

BILL LEONARD
Second District, Ontario/Sacramento

MICHELLE STEEL
Third District, Rolling Hills Estates

JUDY CHU
Fourth District, Los Angeles

JOHN CHIANG
State Controller

RAMON J. HIRSIG
Executive Director

STATE BOARD OF EQUALIZATION MEETING
5901 Green Valley Circle, Room 207, Culver City
June 19-21, 2007
NOTICE AND AGENDA
Meeting Agenda (as of 6/12/07)
Agenda Changes

Tuesday, June 19, 2007

“Listen Live on June 19, 2007”

Board Meeting convenes at 9:30 a.m. *

Agenda items occur in the order in which they appear on the agenda. When circumstances warrant, the Board's Chairwoman, Ms. Yee, may modify the order of the items on the agenda.

BOARD MEETING

ORAL HEARINGS

A. Homeowner and Renter Property Tax Assistance Hearings

There are no items for this matter.

B. Corporate Franchise and Personal Income Tax Hearings

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

B1. Donald Iwuchukwu, 309168

For Appellant: Donald Iwuchukwu, Taxpayer
For Franchise Tax Board: Jane Perez, Tax Counsel

B2. Victor C. Bortka, 192236

Peggy C. Lesnick, 266462
For Appellant: Victor C. Bortka, Taxpayer
Myra E. Bortka, Bookkeeper
For Franchise Tax Board: Mark McEvilly, Tax Counsel

- B3. James J. DeCarlo, 351343
 For Claimant: James J. DeCarlo, Taxpayer
 F. Patrick St. Peter, CPA
 For Franchise Tax Board: Suzanne Small, Tax Counsel
- B4. Kenneth Schweit, 342024
 For Appellant: Kenneth Schweit, Taxpayer
 For Franchise Tax Board: Jane Perez, Tax Counsel
- B5. Daniel Najor, 349031
 For Claimant: Daniel Najor, Taxpayer
 Robert Gumser, Attorney
 For Franchise Tax Board: Suzanne Small, Tax Counsel
- B6. Charles H. Bond, 344966
 For Appellant: Charles H. Bond, Taxpayer
 Salvador Martinez Jr., Representative
 For Franchise Tax Board: Jane Perez, Tax Counsel
- B7. Lionel Kolker, 334482
 For Appellant: Marc McDonald, Representative
 For Franchise Tax Board: Jane Perez, Tax Counsel

G. Tax Program Nonappearance Matters – Consent

(Contribution Disclosure forms not required pursuant to Gov. Code § 15626.)

G1 Legal Appeals MattersMr. Levine

- Petitions for Rehearing
 1. Canyon Motors, Ltd., 219451 (AS)
 2. U.S. Car Nation, 255367 (EA)
- Hearing Notices Sent – No Response
 3. Ronald Edward Young, 330248 (AA)
 4. Robert Wayne Stone, 335013 (EAA)
 5. J. R. Tomkinson, Inc., 251377 (UT)
 6. Toni Inez Swain, 289948 (UT)
 - 7a. Soveida A. Loza, 271980 (AC)
 - 7b. Elidia Gonzalez Ledesma, 271978 (AC)
- Hearing Notice Sent – Appearance Waived
 8. Fine Line Paint Corporation, 165509, 214928, 259649 (MT)

G2 Franchise and Income Tax MattersMs. Kelly

- Decisions
 1. Donald Bodan, 361473
 2. Katrina M. Carloss, 340159
 3. Five Corporation, 353421
 4. Michelle A. Foote, 353311
 5. Ella S. Johnson, 349143
 6. Mitchell McMurray, 361407

7. Holly H. Nash, 354334
8. Arlan Rower, 261875
9. Toll CA GP Corporation, 353019
- Petitions for Rehearing
 10. David C. Claunch, 315648
 11. Jimmie Ray Cox, 314893
 12. Bradley Kastle, 316304
 13. Janice Madrid, 317476
 14. Leonard R. Magness, 314816
 15. Fakhradin Mirian and Laura Mirian, 329166
 16. Steven R. Olmos, 311772
 17. Byron Reynolds, 307167
 18. Darrel Alan Travis, 339857

G3 Homeowner and Renter Property Tax Assistance Matters.....Ms. Kelly

- Decisions
 1. Debra Bradford, 356806
 2. Raymond Ireland, 378587
 3. Armananush Khachaturyan, 345649
 4. ~~Diane J. Reed, 333196~~
 5. Phyllis H. Roth, 377515
 6. Quang D. Tran, 362992
 7. Cresenciana Vasquez, 372998

G4 Sales and Use Taxes Matters Ms. Henry

- Redeterminations
 1. Aramark Uniform & Career Apparel, 281415 (AC)
 2. Hanger Prosthetics & Orthotics West, 361948 (OHB)
 3. Photon Dynamics, Inc., 296447 (GH)
 4. Alpha Shirt Company, 288137 (OHB)
 5. Churchill Downs California Company, 312856 (AS)
 6. Design Bath & Hardware, Inc., 329594 (AS)
- Relief of Penalty / Interest
 7. Mike Thompson's Recreational Vehicle, 396889 (AA)
 8. Carl Karcher Enterprises, Inc., 396895 (EA)
 9. United Rentals Northwest, Inc., 388739 (OHB)
 10. Buca Restaurants 2, Inc., 396882 (OHA)
- Denials of Claims for Refund
 11. Mercedes-Benz USA, LLC, 378421 (KH)
 12. American Auto Financing, Inc., 340068 (EA)

G5 Sales and Use Taxes Matters – Credits, Cancellations, and Refunds..... Ms. Henry

- Credit and Cancellation
 1. UHS-Corona, Inc., 359309 (GH)
- Refunds
 2. Norton & Norton Electric Company, Ltd., 367234 (AA)
 3. Chevron USA, Inc., 348173 (BH)
 4. Pioneer Northern, Inc., 373497 (CH)

5. San Diego County Credit Union, 387738 (FH)
6. BMW Financial Services NA, Inc., 116684 (OHB)
7. The Glidden Company, 281771 (OHA)
8. Pioneer Americas, Inc., 394114 (OHC)
9. Ford Motor Company, 395823 (OHA)
10. Chevrolet Motor Division, 395957 (OHA)
11. Full / Tech Systems, Inc., 382284 (FH)
12. Misys Hospital Systems, Inc., 372006 (OHB)
13. Misys Hospital Systems, Inc., 394725 (OHB)
14. IMA North America, Inc., 340423 (OHB)
15. GOR Acquisition Corporation, 233398 (AC)
16. GOR Acquisition Corporation, 332382 (AC)
17. Wachovia Dealer Services, Inc., 390377 (EAA)
18. Omnibus Systems, Inc. / Delaware Corporation, 257803 (OH)
19. KSL La Costa Resort Corporation, 372313 (FHB)
20. Butler Manufacturing Company, 357831 (OHA)
21. First Financial Credit Union, 390378 (AP)
22. Pacific Southwest Container, LLC, 388174 (KH)
23. ING Life Insurance & Annuity Company, 361970 (OHC)
24. American Auto Financing, Inc., 339832 (EA)
25. Doctors Med Center of Modesto, Inc., 394398 (KH)
26. World Data Products, Inc., 393426 (OHA)

G6 Special Taxes Matters Mr. King

- Relief of Penalty
 1. Financial Indemnity Company, 238365 (ET) – “CF”
 2. Heineken USA, Incorporated, 399507 (ET) – “CF”
- Denial of Claim for Refund
 3. TMT-Pathway, LLC, 377865 (MT)

G7 Special Taxes Matters – Credits, Cancellations, and Refunds Mr. King

- Refunds
 1. Nella Oil Company, LLC, 281413, 332371, 386970 (MT)
 2. Nella Oil Company, LLC, 281412, 332367, 386966 (MT) – “CF”
 3. ING Life Insurance & Annuity Company, 392049 (ET) – “CF”

There are no items for the following matters:

G8 Property Tax Matters

G9 Cigarette License Fee Matters

G10 Legal Appeals Property Tax Matters

H. Tax Program Nonappearance Matters – Adjudicatory

There are no items for this matter.

I. Tax Program Nonappearance Matters

There are no items for the following matters:

- I1 Property Taxes Matters
- I2 Offers-in-Compromise Recommendations

BOARD MEETING RECONVENES AT 1:30 P.M.***ORAL HEARINGS****B. Corporate Franchise and Personal Income Tax Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code, § 15626.)

- B8. John Cirino and Sepideh Cirino, 361476
For Appellant: Sepideh Cirino, Taxpayer
Neal M. Reitz, CPA
For Franchise Tax Board: Raul Escatel, Tax Counsel
- B9. Mia L. Andrade, 355422
For Appellant: Keith Shibou, CPA
For Franchise Tax Board: Natasha Page, Tax Counsel
- B10. Dean H. Fletcher and Valerie A. Fletcher, 335777
For Claimant: Larry Goldstein, CPA
For Franchise Tax Board: Mark McEvilly, Tax Counsel
- B11. Larry Geisel and Rhoda Geisel, 358724
For Appellant: Larry Geisel, Taxpayer
For Franchise Tax Board: Todd Watkins, Tax Counsel
- B12. Ashok Israni and Lata Israni, 349396
For Appellant: Ashok Israni, Taxpayer
Warren Thefeld, CPA
Richard Carpenter, Attorney
For Franchise Tax Board: Raul Escatel, Tax Counsel
- B13. Barry T. Calvert and Diane L. Calvert, 334985
For Appellant: Thomas R. Lamons, Attorney
For Franchise Tax Board: Mark McEvilly, Tax Counsel
- B14. Ronald Tomsic, 294757
Bernard A. Reiling and Judith Reiling, 294780
Sanford Kopelow and Marlene Kopelow, 295580
Steven C. Walker and Lissa Walker, 301166
For Claimant: Robert S. Horwitz, Attorney
Chris Micheli, Attorney
Rex Halverson, Attorney
For Franchise Tax Board: David Gemmingen, Tax Counsel

- B15. William F. Grun and Susan J. Grun, 337066
For Appellant: Robert Klueger, Attorney
For Franchise Tax Board: John Penfield, Tax Counsel
- B16. Benjamin Dorn, 358674
For Appellant: Benjamin W. Dorn, Taxpayer
For Franchise Tax Board: Jozel Brunett, Tax Counsel
- B17. Victor Roy, 307162, 341901
For Appellant: Victor Roy, Taxpayer
For Franchise Tax Board: Jozel Brunett, Tax Counsel
- ~~B18. Demetrios Sgouros, 344822
For Appellant: Peymon Mottahedeh, Representative
For Franchise Tax Board: Suzanne Small, Tax Counsel~~
- B19. Patrick E. Galvin, 350467
For Appellant: Peymon Mottahedeh, Representative
For Franchise Tax Board: Jozel Brunett, Tax Counsel
- B20. Thomas Jones, 346184
For Appellant: Peymon Mottahedeh, Representative
For Franchise Tax Board: Mark McEvilly, Tax Counsel

C. Sales and Use Tax Appeals Hearings

These items are scheduled for Wednesday and Thursday, June 20 and 21, 2007.

D. Special Taxes Appeals Hearings

These items are scheduled for Thursday, June 21, 2007.

E. Property Tax Appeals Hearings

There are no items for this matter.

CHIEF COUNSEL MATTERS

J. Rulemaking

J1. [Petition to Amend Property Tax Rule 462.060, Change In Ownership - Life Estates and Estates for Years Mr. Lambert+](#)

The petition proposes to amend Rule 462.060, so that the creation or termination of a life estate gives rise to only a rebuttable presumption that a change in ownership takes place.

There are no items for the following matters:

- K. Business Taxes
- L. Property Taxes
- M. Other Chief Counsel Matters

ADMINISTRATIVE SESSION

There are no items for the following matters:

- N. Consent Agenda
- O. Approval of Board Committee Meeting Minutes
- P. Other Administrative Matters

ANNOUNCEMENT OF CLOSED SESSION..... Mr. Evans

Q. Closed Session

- Q1. Discussion and action on personnel matters (Gov. Code § 11126(a))

ANNOUNCEMENT OF OPEN SESSION Mr. Evans

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Gary Evans, Acting Chief
Board Proceedings Division

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- + Material is available for this Item.
- "CF" Constitutional Function – The Deputy State Controller may not participate in this matter under Government Code section 7.9.



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Agenda Changes

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- A. Homeowner and Renter Property Tax Assistance Hearings**
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- B. Corporate Franchise and Personal Income Tax Hearings**
These items are scheduled for Tuesday, June 19, 2007.
- C. Sales and Use Tax Appeals Hearings**
(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)
 - C1. Robert Michael Ross, 300683 (UT)**
For Claimant: Robert Ross, Taxpayer
For Department: Carla Caruso, Tax Counsel

- C2. G. P. Resources, Inc., 262777 (AA)
For Claimant: Joseph A. Vinatieri, Attorney
Richard V. Carlson, Representative
For Department: Carolee Johnstone, Tax Counsel
- C3. Lion Transportation, Inc., 254363 (UT)
For Petitioner: Joyce Comino, Accountant
Grigor Marsikyan, Taxpayer
For Department: Christine Bisauta, Tax Counsel
- ~~C4. Center for Bio-Ethical Reform, 271792 (UT)~~
~~For Petitioner: Gregg Cunningham, Taxpayer~~
~~Don Cooper, Representative~~
~~John Hynes, Representative~~
~~John Stewart, Attorney~~
~~For Department: Carla Caruso, Tax Counsel~~
- C5a. Mitchell Margaretich, 338667 (UT)
- C5b. Richard F. Gallagher, 261496 (UT)
For Petitioner: Mitchell Margaretich, Taxpayer
Richard Gallagher, Taxpayer
For Department: Christine Bisauta, Tax Counsel
- ~~C6. Digby Industries, Inc., 239664 (EH)~~
~~For Petitioner: Donald J. Digby, Taxpayer~~
~~Shaun Hanson, Attorney~~
~~For Department: Robert Stipe, Tax Counsel~~
- C7. California Sushi Kitchen, LLC, 301275 (AS)
For Petitioner: Richard T. Baum, Attorney
For Department: Robert Tucker, Tax Counsel
- C8. Quality Pallets, Inc., 296290 (EH)
For Petitioner: Juan Guzman, CPA
Elias Melchor, Taxpayer
For Department: Kevin Hanks, Hearing Representative
- C9. Richard Harry Bjelland and Ronald Charles Sheets, 288775 (EH)
For Petitioner: Richard Bjelland, Taxpayer
Jason List, Witness
For Department: Sandy McCaleb, Hearing Representative

BOARD MEETING RECONVENES AT 1:30 P.M.***ORAL HEARINGS****C. Sales and Use Tax Appeals Hearings**

(Contribution Disclosure forms required pursuant to Gov. Code § 15626)

- C10. Loren M. Hicks and Victoria E. Hicks, 265749 (UT)
For Petitioner: Loren Hicks, Taxpayer
For Department: Carla Caruso, Tax Counsel
- C11. Michael Leonard Owen Fitzpatrick, 272196 (EH)
For Petitioner: Eileen Fitzpatrick, Taxpayer
For Department: Robert Stipe, Tax Counsel
- C12a. Limerick's Irish Pub & Feastery, 285907 (EAB)
- C12b. Michael O'Toole, et al., 272348 (EA)
For Petitioner: David Copley, Taxpayer
Eric Johnson, Taxpayer
Michael O'Toole, Taxpayer
For Department: Kevin Hanks, Hearing Representative
- C13. Robert Ingram, 260330 (EH)
For Petitioner: Robert Ingram, Taxpayer
Dennis G. Phillips, Enrolled Agent
Bruce Latta, Witness
For Department: Robert Tucker, Tax Counsel
- C14. Hair Touch, 281210 (AC)
For Petitioner: James Chu, CPA
For Department: Kevin Hanks, Hearing Representative
- C15. Jalal Odish Zora, 203824, 203825 (FH)
For Petitioner: John Zora, Taxpayer
Martin Schwartz, Enrolled Agent
For Department: Sandy McCaleb, Hearing Representative
- C16. FMF Racing, 295383 (AA)
For Petitioner: Gerald P. Castillo, CPA
Brian Mchale, General Manager
For Department: Robert Stipe, Tax Counsel
- ~~C17. Southridge Auto Brokers, Inc., 254669 (EH)~~
~~For Petitioner: Joe Leach, Taxpayer~~
~~Michael Leach, Taxpayer~~
~~Juan Guzman, CPA~~
~~For Department: Robert Tucker, Tax Counsel~~

C18. Thomas Vu, 309419 (AS)
For Petitioner: Thomas Vu, Taxpayer
Don Le, CPA
For Department: Sandy McCaleb, Hearing Representative

D. Special Taxes Appeals Hearings

These items are scheduled for Thursday, June 21, 2007.

E. Property Tax Appeals Hearings

There are no items for this matter.

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C. Sales and Use Tax Appeals Hearings

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C19. Sensation Spas, Inc., 298288 (GH)

For Petitioner: Appearance Waived

For Department: Kevin Hanks, Hearing Representative

C20. CodeMagic, Inc., 309839 (AC)

For Petitioner: Jack Dahl, Taxpayer

For Department: Carla Caruso, Tax Counsel

C21. Autohaus West, LLC, 250370 (EAA)

For Petitioner: Colin Cooper, CPA

For Department: Carla Caruso, Tax Counsel

C22. GT Performance Engineering, LLC, 217894 (EH)

For Petitioner: Gary Teaque, Taxpayer

Leon Jaferian, CPA

For Department: Kevin Hanks, Hearing Representative

C23. Sea Level, Inc., 268482 (UT)

For Petitioner: Cris Wenthur, Attorney

For Department: Carolee Johnstone, Tax Counsel

C24a. Lawrence Drew Lippert, 252418 (EH)

C24b. Tamara L. Lippert, 252419 (EH)

For Petitioner: Alton G. Burkhalter, Attorney
David J. Darnell, Attorney
For Department: Christine Bisauta, Tax Counsel

~~C25. Vector Design, Inc., 255265 (AG)~~

~~For Petitioner: Steven R. Mather, Attorney
Elliott H. Kajan, Attorney
Lydia Turanchik, Attorney
For Department: Robert Tucker, Tax Counsel~~

C26. Aspect Communications Corporation, 249241 (GH)

For Claimant: Kyle O. Sollie, Attorney
For Department: Robert Stipe, Tax Counsel

C27a. Jonathan Francis Knecht, 184846 (AP)

C27b. Color DNA, Inc., 255261 (AA)

For Petitioner: Jonathan Francis Knecht, Taxpayer
For Department: Kevin Hanks, Hearing Representative

C28a. Manouchehr Sagart, 99240, 98450 (FH)

C28b. Saga Enterprises, Inc., 99242 (EA)

For Petitioner: Joseph J. Cohen, Representative
Minoo Behboody, Representative
For Department: Tim Treichelt, Tax Counsel

C29. SC Aviation, LLC, 311627 (UT)

For Petitioner: Cris Wenthur, Attorney
For Department: Christine Bisauta, Tax Counsel

D. Special Taxes Appeals Hearings

(Contribution Disclosure forms required pursuant to Gov. Code § 15626.)

D1. Tri Van Vo, 211895 (ET)

For Petitioner: John Norman, Attorney
For Department: Tim Treichelt, Tax Counsel

D2. Cigars by Chivas, Inc., 334787 (AP), 334876 (ET)

For Petitioner: Mark J. Geragos, Attorney
David Connelly, CPA
For Department: Tim Treichelt, Tax Counsel

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